GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:1438
ANSWERED ON:22.08.2007
CONSTITUTION OF COAL SECTOR REFORMS
Mandal Shri Sanat Kumar

Will the Minister of COAL be pleased to state:

(a) whether a Committee was constituted by the Government to look in to the Coal Sector Reforms;

(b) if so, the details thereof;

(c) whether the Committee has submitted its report to the Government;

(d) if so the details of recommendations made by the Committee; and

(e) the action taken by the Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a) & (b): Yes, Sir. Government of India constituted a seven member Expert Committee under Chairmanship of Shri T.L. Sankar.

(c) to (e) The Committee has since submitted Part-I of the report. The major recommendations/observations made by the Committee in Part-I of the report are as follows:

i) As coal shall remain India's primary source of commercial energy supply, a time-bound plan to cover the entire country by regional mapping in 15 years should be prepared by Geological Survey of India, Central Mine Planning and Design Institute and Ministry of Coal, Government of India.

ii) Coal India Limited (CIL) may be granted the status of Navrantna company and the subsidiaries of CIL may be granted the status of Mini Ratna companies in which case only those proposals of such a subsidiary would need government approval wherein the capital expenditure exceeds Rs.500 crore.

iii) The environmental issue in respect of projects should be taken up on priority consideration by the Government.

iv) Planned imports of coal needs to be encouraged.

v) Increasing proportion of all domestic coal that is not earmarked for Power Sector be brought into the E-auction market over the next 2 to 3 years.

vi) The current system of linkages feeding the power sector may be replaced with formal long term Fuel Supply and Transport Agreements that include the Railways.

vii) The procedures and processes need to be streamlined to expedite the allotment of the captive coal blocks in a transparent and effective manner.

viii) All possible legal measures should be evolved to cancel the licenses issues earlier if the allottee has not taken adequate steps to bring the allotted mines to production or in setting up the end use units.

ix) Coal price would need to be regulated in light of the market realities. The regulation of coal price has to differentiate the pricing of coal for power generation since it consumes 80% of the domestic production and the quality of coal it consumes is not easily saleable to the steel and cement sectors.

x) The Railway tariff for coal should be subject to a detailed review by an independent agency, preferably headed by a High/Supreme Court Judge.

xi) The Railways should in consultation with Planning Commission and the Ministries of Coal and Power determine the main corridors through which coal would move in very large quantities to power plants and examine the cost and feasibility of setting up dedicated trunk-routes for coal transport.

Action taken/proposed to be taken by the Government are:

1. e-auction has been introduced in CIL during the year 2005-06. It was decided initially to sell 10 million tonnes of coal by CIL subsidiaries through e-marketing for the year 2005-06 on trial basis, which was subsequently enhanced to 20 million tonnes. During the year 2006-07, the Government has allowed CIL to sell 36 million tonnes of coal through E- marketing. However, this has been discontinued in view of a Judgement of Hon'ble Supreme Court.

2. Govt. has extended the status of Mini-ratna to CIL and some of its subsidiaries, namely, NCL, MCL, WCL and SECL.

3. Under 'Increasing production through Emergency Coal Production Plan' scheme, CIL has identified 16 opencast projects/mines where production from existing mines/projects will be enhanced to a higher level yielding additional 71.3 Mt. by 2012-13. Out of 16 projects, 15 projects have been approved by the Govt./coal companies and two projects are in the process of approval.

4. CMPDI has been advised to enhance drilling capacity through outsourcing.

5. Action for de-reservation of some coal blocks in favour of power sector and others has been initiated.

6. For promotion of Clean Coal Technologies, action has been initiated with cooperation of Indo-US Working Group, Indo-EU Working Group and Asia Pacific Partnership etc.